

TIPPECANOE COUNTY TREASURER NEWSLETTER



JUNE 8 2007

Tippecanoe County Spring Property Tax Deadline is June 15, 2007

How are Property Taxes Calculated?

As time has gone on, the method of calculating property tax amounts has become more and more complicated. Hopefully, I can explain and give an example on how an individual calculation is done.

The components of the calculation are: Assessed Value, Deduction or Exemption Amount; Property Tax Rate; Property Tax Replacement Credit Rate (PTRC) and Homestead Credit Rate. The Homestead Credit is available only on owner occupied or contract buyer occupied properties.

Calculation

Gross Assessed Value
Less: Deductions
Equal: Net Assessment

Net Assessment divided by 100

Times: Tax Rate
Equals: Gross Tax
Times: PTRC Rate
Equals: PTRC amount

Gross Tax
Less: PTRC Amount
Equals: Net PTRC Tax
Times: Homestead Credit Rate
Equals: Homestead Cr Amount

Net PTRC Tax
Less: Homestead Cr Amount
Equals: Net Tax

Net Tax divided by 2 = Installment Charge

Example

\$100,000
\$48,000
\$52,000

\$520
2.7881
\$1,449.82
0.240088
\$348.08

\$1,449.82
\$348.08
\$1,101.74
0.259537
\$285.94

\$1,101.74
\$285.94
\$815.80

\$407.90

Gross Assessed Value -Land and Improvement (structure) assessments

Deductions - Homestead Standard, Mortgage, Over 65, Disabled Veteran and others

Tax Rate – established by the State to generate enough money to fund budgets

PTRC – Taxes paid by the State and funded through proceeds from the State Sales Tax

Homestead Standard - \$45,000 deduction for taxes due in 2007 if Homestead Credit is allowed

Homestead Credit – Percentage credit given to those who have an approved Homestead Credit with the funding comes from the State and Local Option Income Taxes paid

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